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REPORT TO THE COMMITTEE ON THE BUDGET

FROM

THE COMMITTEE ON VETERANS' AFFAIRS

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 1984

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Report of the Committee on Veterans' Affairs on Budget Matters Under Its Jurisdiction

The Committee on Veterans' Affairs is submitting this report on estimates of budget matters under its jurisdiction pursuant to section 301(c) of the Congressional Budget and Impoundment Control Act of 1974, which states:

> "301(c) On or before March 15 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House, each standing committee of the Senate shall submit to the Committee on the Budget of the Senate, and the Joint Economic Committee and Joint Committee on Internal Revenue Taxation shall submit to the Committees on the Budget of both Houses—
>
> > "(1) its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within the respective jurisdiction or functions of such committee or joint committee; and
> >
> > "(2) except in the case of such joint committees, the estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within the jurisdiction of such committee which such committee intends to be effective during the fiscal year beginning on October 1 of such year."

This report is based on the best information that is now available to the Committee. It is hoped that the report will be helpful to the Committee on the Budget in preparing its budget targets for the first concurrent resolution.

Observations on the Fiscal Year 1984 Budget

I. OVERVIEW

Throughout the more than 200-year history of the United States, nearly 39 million men and women have served in the Armed Forces during wartime. Nearly 1.1 million servicepersons sacrificed their lives in the defense of our country during periods of armed conflict. Today, there are approximately 24.3 million living war veterans, all of whom saw service in wars fought in the 20th century (i.e., Spanish-American War, World War I, World War II, Korean conflict and Vietnam era). A total of 36 million served during these 5 wars and 697,000 died in service to their country. In addition to the 24.3 million living war veterans, there are nearly 3 million veterans who served only during the peacetime period between the Korean conflict and the Vietnam era as well as 1,372,000 peacetime veterans who entered military service after May 7, 1975 and have since returned to civilian life.

The number of living veterans decreased during fiscal year 1982 to 28.522 million, a loss of 151,000 from the end of fiscal year 1981. This contraction of the veteran population resulted from the addition of 294,000 service personnel discharged from active duty, and was more than offset by the re-entry into active duty service of approximately 34,000 who had previously returned to civilian life and the loss of 411,000 veterans who died during fiscal year 1982.

The median age of all veterans in civilian life as of September 30, 1982, was 50.8 years.

Veterans 65 years of age or older now total more than 3.5 million (or nearly 1 out of every 8 living veterans). Those veterans presently 60–64 years old (3,838,000) will enter the older population group in the next 5 years. Similarly, the surviving veterans among those presently in the 55–59 year age group (4,133,000) will enter the "65 years and older" veteran population during fiscal years 1987 through 1992. By then 1 of every 4 veterans will be 65 years old or older.

This country has historically provided the veterans of its wars and their survivors with certain aid and benefits in expression of gratitude for their sacrifices and hardships.

In order to effectively carry out the intent of a grateful nation the Veterans' Administration was established as an independent agency under the President by Executive Order 5398 of July 21, 1930, in accordance with the Act of July 3, 1930 (46 Stat. 1016). This act authorized the President to consolidate and coordinate Federal agencies especially created for or concerned in the administration of laws providing benefits to veterans. The mission of the Veterans' Administration is to administer veterans' laws effectively, expeditiously and with sympathetic understanding, and to exercise constructive leadership in the field of veterans' affairs. The laws related to veterans benefits are contained in title 38 of the United States Code.

The programs available to veterans and their dependents or survivors (which comprise the Office of Management and Budget (OMB) function 700), are for the most part based on long traditions of compensating former servicepersons for hardships incurred in the course of military service. Most programs in this function are administered by the Veterans' Administration in support of these former members of the armed services and their survivors and dependents. The major veterans programs provide benefits that are similar in many respects to other human resource programs now available to those in the general population.

Compensation is paid to veterans who have incurred disabilities in military service. Payments vary with the extent of disability and the amount of income foregone because of that disability. The severely disabled also receive fixed statutory awards and dependents' allowances. Dependency and indemnity compensation (DIC) is paid to survivors of veterans who died from service-connected causes.

Pensions are paid to non-service-connected disabled and aged wartime veterans and their dependents or to their survivors if the recipients' income falls below certain levels. However, there are several income exclusions in determining eligibility for pensions.

Readjustment benefits provide financial assistance for education, training, and rehabilitation to veterans who have served more than

180 days in the military and to certain of their dependents or survivors.

Hospital and medical care is provided, usually in Veterans' Administration facilities, to service-connected disabled veterans, former prisoners of war, veteran pensioners, veterans 65 and over, and any other veteran who is unable to pay for the cost of care. Dependents of 100 percent disabled veterans and survivors of veterans who died from a service-connected disability are provided care through an insurance-type program administered for the VA by the Department of Defense, the Civilian Health and Medical Program of the Veterans' Administration (CHAMPVA).

Other veterans' programs include direct and guaranteed housing loans, life insurance, and burial benefits. The Veterans' Administration also operates programs such as research and health manpower training to support its medical care delivery system.

II. BUDGET OBSERVATION

The President's fiscal year 1984 budget for th Veterans' Administration provides for benefits and services to the country's 28.5 million veterans, the 52.2 million members of their families, and the 3.1 million survivors of deceased veterans.

For the period October 1, 1983, through September 30, 1984, budget authority of $26.1 billion is requested consisting of appropriations of $25,130,661,000 (which include $134,693,000 savings requiring new legislation), $238,100,000 for proposed legislation and an estimated $714,353,000 under permanent authorizations. Budget outlays for 1984 are estimated at $25.7 billion. The requested budget authority is an increase of $1.1 billion over 1983, caused primarily by anticipated increases in the medical care appropriations and the level of construction funding.

60.6 percent of the fiscal year 1984 budget's projected outlays ($15.223 billion) are for income security programs, i.e., compensation and pensions; over 33 percent ($8.3 billion) goes to health care; and the remainder to readjustment, housing, and other benefits. Nearly the entire function requires current action by the Congress, yet the bulk of these outlays is uncontrollable because of the entitlement nature of the programs.

Veterans' Administration average employment for 1984 is expected to increase by 1,914 to a level of 220,785. There is an increase of 2,117 in the Department of Medicine and Surgery including 370 additional nurses and 147 new physicians and a decrease in the Department of Veterans' Benefits of 419 due primarily to a continuing decline in the education training workload. The employment levels for 1982, 1983, and 1984 are as follows:

1982:	
Presidential request	211,165
VA actual	216,852
1983:	
Presidential request	218,420
VA estimated	218,871
1984:	
VA estimated	220,785

General Administration is increased by 134 employees due to a need for 14 additional employees in the Inspector General's office

to shorten audit cycles; 52 employees at the Board of Veterans' Appeals to reduce their backlog of appeals and reduce response time. It is estimated that the increase will enable the Board to lower their 1983 average response time by 28 percent to 273 days, with an ultimate goal of reducing response time to 120 days. Twelve additional employees are required for increased debt collection activities in the Office of the General Counsel; 7 additional employees in the Office of Public and Consumer Affairs; 1 additional employee in the Office of Congressional Affairs; 66 additional employees in the Office of Budget and Finance to expand the Centralized Accounting for Local Management (CALM) conversion project to 42 additional Department of Medicine and Surgery facilities; 6 new employees in the Office of Reports and Statistics; and 5 additional investigative unit employees in the Equal Opportunity Staff for processing the discrimination complaint backlog.

DEPARTMENT OF VETERANS' BENEFITS

A. Income security for veterans

For the third year, the Administration proposes dividing the Compensation and Pensions appropriations into three separate accounts—Compensation, Pensions, and Burial Benefits and Miscellaneous Assistance. The Administration believes that this structure would achieve a more informative presentation of budgetary requirements for these major benefit programs, and that adoption of this new structure would more closely correspond to a government wide functional program classification and facilitate program presentation.

In fiscal year 1984, 2.3 million veterans with service-connected disabilities will receive monthly compensation under existing legislation totaling $9.8 billion. Included in the $9.8 billion total are approximately 358,000 survivors of veterans whose deaths were service-connected or related to service-connected disabilities who will receive benefits amounting to over $1.8 billion. For fiscal year 1984, legislation is proposed by the Administration for a 5.1 percent cost-of-living increase in compensation payments to be effective April 1, 1984. The net cost of this legislation will add $238 million to the monthly benefits described above and will bring total compensation payments for fiscal year 1984 to $10.0 billion.

Approximately 775,000 wartime veterans and 885,000 survivors will receive monthly pensions totaling $3.8 billion in 1984. Pension payments are based upon financial need, and this estimate includes a cost-of-living adjustment of 5.1 percent effective December 1, 1984.

The life insurance programs administered by the Veterans' Administration will provide coverage of $145.9 billion to the families of 7.4 million servicepersons and veterans.

The purpose of the General Operating Expenses (GOE) account is to administer non-medical veterans' benefit programs. The account primarily supports payroll expenses of personnel responsible for administering non-medical benefits to the veteran population. These benefits include the administration of the VA compensation, pension, education, GI loan, and insurance programs as well as the maintenance of the National Cemetery System.

The 1984 request for general operating expenses includes funds for the expansion of the Centralized Accounting for Local Management (CALM) conversion project to 42 additional Department of Medicine and Surgery facilities, thus completing conversion of all Department of Medicine and Surgery facilities to the CALM project. Funding is also requested for expansion of the Inspector General's fraud detection and prevention activities and to improve the timeliness of their audit cycles. The Board of Veterans Appeals requests funding to increase the number of Board sections to 19, an increase of 3 sections over the current number, in order to reduce average response time. Funding is also requested by the Office of Reports and Statistics to conduct a comprehensive assessment of agency information needs and to conduct a national survey of female veterans. The Office of Data Management and Telecommunications requests funds for upgrading data processing center facilities at Austin, Texas and the Loan Guaranty Rapid Access System.

In the Department of Veterans' Benefits, compensation and pension claims are expected to decrease slightly. The number of education trainees is expected to continue to decrease significantly. Loan guaranty activity is expected to increase. Servicing of insurance policies will maintain workloads as the slightly decreasing number of policies is more than offset by loan actions and by time-consuming death claim activities. The Department of Veterans' Benefits will operate a network of 59 regional office/medical-regional office centers nationwide, conduct over 14 million personal interview and telephone actions, provide funding for 533,300 veteran and 85,780 dependent education trainees, process 309,975 housing loan guarantees and service 2.9 million life insurance policies.

The Committee notes the Administration proposal, beginning in April 1985, to pay compensation cost-of-living increases in accordance with the following graduated schedule:

Disability rating:	*Percent of COLA increase*
100	100
60–90	85
40–50	65
10–30	45

Service-connected disability compensation is intended to compensate veterans for loss of earning capacity caused by service-incurred disabilities, and this is accomplished through ten graduations related to a schedule of evaluations maintained by the Administrator. The monthly rates currently range from $62 for a disability rated at 10 percent to $1,213 for a totally disabled veteran, with additional statutory awards payable for extremely severe multiple disabilities. While it is difficult to maintain a completely statistical valid relationship of disability to decimal evaluations, the VA rating schedule has nevertheless been notably successful and has withstood the test of time.

Because of the profound disability associated with 100 percent disablement, current law provides a significant gap between the grades from 10–90 percent and the one-step increase from 90–100 percent. The Committee believes this to be sound, based on economic factors. We know, however, of no scientific, statistical, or demographic basis for assigning arbitrary percentage changes in

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increased compensation to disability levels below 100 percent. Therefore, we know of no sound rationale for grouping evaluations from 60–90 percent and assigning them an arbitary increase of 85 percent. This would be a distortion without meaning and by converting ten statutory steps to 4 groupings for increase purposes, a distortion of rates results which could, in the long run, destroy the current relationship between disablement and compensation. The Committee rejects this proposal.

Provision is also made in the 1984 budget request for the maintenance and operation of 140 cemetery activities including the opening of four additional cemeteries. The regional cemetery at Indiantown Gap, PA opened in September, 1982. The Quantico, Virginia National Cemetery is scheduled to open during mid 1983. The post cemetery at Ft. Custer, Michigan opened in June, 1982. This cemetery will serve interment requirements for the Region V National Cemetery pending the opening of the Ft. Custer National Cemetery in early 1984. Resources are also included to operate as a national cemetery the post cemetery at Ft. Richardson in Anchorage, Alaska. It is anticipated that the land will be developed and the cemetery will be operational on a contractual basis by early 1984.

B. Veterans' education, training and rehabilitation

The Veterans' Administration administers four education, training and rehabilitation programs for veterans and their dependents.

The largest of these programs is the G.I. Bill for persons who served on active duty during the Vietnam era. The number of Vietnam-era veterans in this program is expected to continue to decrease as more veterans reach their delimiting date, which is 10 years following their date of discharge or separation from the Armed Forces. Total G.I. Bill trainees in 1984 are estimated at 555,500, a decrease of 127,900 since 1983.

The Post-Vietnam Era Veterans Educational Assistance Program (VEAP) is a voluntary contributory matching program for persons who entered the Armed Forces on or after January 1, 1977. The number of active duty serviceperson participants in fiscal year 1984 is estimated to be 355,900. Approximately 35,100 are estimated to participate in training under this program, an increase of 9,800 over fiscal year 1983. The rate of participation in this educational benefit program continues to be low—25 percent of the eligible population. The number entering training will increase and there will be a decline in the number of participants disenrolling in 1984.

The number of trainees in the education and training program for spouses and children of a veteran with a permanent and total service-connected disability or the spouses and children of veterans who died of a service-connected disability is estimated to be approximately 85,800 in fiscal year 1984, a decrease of 2,800 over fiscal year 1983.

The vocational rehabilitation for service-connected disabled veterans whose disabilities resulted in a vocational handicap is the oldest education and training program administered by the Veterans' Administration. This is a continuous, open-ended program which includes the payment of a monthly subsistence allowance, plus educational expenses, to eligible veterans who need this special assistance. It is estimated that 32,500 veterans will receive

training under this program in fiscal year 1984, an increase of 500 over fiscal year 1983.

Legislation introduced during the 97th Congress, H.R. 1400, the Veterans' Educational Assistance Act of 1981, would have, in addition to other benefits, established a new G.I. Bill program of up to 36 months of educational entitlement for members of the Armed Forces who serve 3 years or longer following enactment of the bill. The legislation was jointly referred to the Committee on Veterans' Affairs and the Committee on Armed Services. The measure was reported by the Committee on Veterans' Affairs on May 19, 1981, and by the Armed Services Committee on May 17, 1982. Similar legislation has been introduced during the first session of the 98th Congress with the same bill number, and the Committee hopes that it will be acted upon promptly. Since only minimal benefits are payable under the provisions of this legislation until the third year, there would be no substantial costs for the measure until 1986.

Veterans are suffering a high rate of unemployment which, in some age groups, is much higher than non-veterans in the same age group. Many veterans have been trained or educated under the G.I. Bill. Now, they are unemployed with little likelihood of regaining their jobs because of shifts in our Nation's needs or decline or obsolescence in the so-called "smoke stack" industries. The Committee, therefore, is developing legislation to provide training or retraining for certain veterans who have been unemployed for long periods of time with special emphasis on training for a job which can be certified as providing a good opportunity for long-term or life-long employment.

The Administration again proposes to eliminate authorization for correspondence school training under the G.I. Bill, with an estimated cost savings of $4.9 million in fiscal year 1984 and a reduction in trainees of 22,220. Additional cost savings of $15.6 million are projected in fiscal year 1984 with the elimination of the advance payment of educational assistance allowances.

C. Veterans' housing

The Loan Guaranty program provides housing credit assistance to eligible veterans and service personnel through guaranties of loans made by private lenders and through direct loans to severely disabled veterans on more liberal terms than generally available to non-veterans, without the assumption of undue risks by the Government.

The Loan Guaranty Revolving Fund finances the operation of the Loan Guaranty Program, excluding administrative costs. The guarantee may be applied to buying, building or repairing a home, condominium or mobile home in an amount not to exceed 60 percent of the loan or $27,500, whichever is lesser.

Assistance is provided chiefly through substituting the Government's guaranty on loans in lieu of the substantial downpayments, relatively short terms, and other investment safeguards applicable to conventional mortgage transactions. The program also assists certain totally disabled veterans in receiving specially adapted housing grants.

The Direct Loan program was originally funded to provide credit assistance to eligible veterans, certain surviving spouses and active

duty servicepersons in rural areas and small towns or cities where the availability of private mortgage funds was limited. The Direct Loan Revolving Fund finances all operation of the Direct Loan program. The maximum Direct Loan is $33,000. New Direct Loans are presently restricted to disabled veterans requiring specially adapted housing assistance. Prior loans will continue to be serviced with funds from the Revolving Loan Fund. For fiscal year 1984, the Administration requested that the limitation for specially adapted housing direct loans be removed, as the number of severely disabled veterans applying for loans under this program has been less than anticipated. The Veterans' Administration estimates the number of Direct Loans in fiscal year 1984 to be 27 at a cost of $810,000.

During 1982, 103,439 loans were guaranteed, of these 9,952 were for loans in which restored entitlement was used. The decrease in loan activity was primarily a result of higher interest rates and prevailing economic conditions. Vietnam-era veterans continue to account for the largest portion of participation in the program.

Declining interest rates coupled with the demand for housing should support a high level of loan activity in 1984. In addition, veterans who obtained GI loans in earlier years at historically high interest rates will have the opportunity to refinance their loans without use of additional loan entitlement pursuant to Public Law 96-385. Regulation changes effective October 27, 1982, allow veterans to acquire homes, condominiums or manufactured homes with the assistance of a GI loan in communities that restrict purchase or occupancy of the property on the basis of age. Therefore, an increasing number of older veterans will be utilizing their housing benefits to acquire properties in retirement communities with specific facilities for the elderly.

Cumulatively, since the inception of the program, through September 30, 1982, 11,585,469 loans totaling $205.6 billion have been made or guaranteed to purchase conventional housing, condominiums, and mobile homes. In addition, 18,187 severely disabled veterans have obtained $276.8 million in approved grants to purchase housing specially adapted to their particular needs.

Since the inception of the program, 439,297 claims have been settled for $3.2 billion. Incident to those claims, and as a result of foreclosures of direct loans, 476,045 properties have been acquired. 453,024 of these properties have been sold for $6.8 billion. In addition, 5,752 properties were redeemed.

Defaults on GI loans in 1984 are expected to decline from the high levels experienced in 1982 and 1983. Nevertheless, an agressive program of supplemental serving for veterans in default will be necessary to prevent excessive claims.

Property management activity will be stressed in 1984. When the VA acquires a home or condominium unit, the property must be put in saleable condition and marketed as soon as possible, since management fees are increased during longer holding periods. As of September 30, 1982, the inventory of acquired properties stood at 17,269, which represents an increase of 50 percent over the beginning of the year. During 1982, 10,827 properties were sold, an increase of 23 percent over 1981. The Veterans' Administration must

dispose of properties at a greater rate than they are acquired in order to reduce the inventory of acquired properties in 1984.

DEPARTMENT OF MEDICINE AND SURGERY

The administration's fiscal year 1984 budget projects that approximately 1.277 million inpatients will be treated in the Veterans' Administration health care facilities system. In addition, it is estimated that 28,000 will be treated in hospitals on a contract basis. 57,000 patients will be provided care in community nursing homes and State domiciliary, nursing home and hospital beds. 18,214,500 patients will be provided outpatient medical and dental care, of which 1,778,000 will receive care on a fee basis. In addition, 46,500 dental fee cases and 158,000 CHAMPVA visits will be provided.

In order to accommodate the changing health care needs of the veteran population, the fiscal year 1984 budget contains resources for the construction of six new VA nursing home care units, replacement or modernization of two hospitals, and improvements in three outpatient clinics.

Veterans' Administration construction plans are developed in a 5-year planning cycle in accordance with section 5007 of title 38, United States Code. Budget authority of $674.393 million is requested to fund the construction of 840 new nursing home care beds, modernize or improve 22 VA hospital facilities, and make outpatient improvements in 3 outpatient clinics. The construction budget request continues to fund clinical additions, expanded outpatient and extended care facilities to meet the needs of an aging veteran population, and the correction or elimination of fire and safety code, structural, and seismic deficiencies in VA health care facilities.

The Committee notes that $2.0 million and 20 additional employees are requested in the fiscal year 1984 budget for the activation of one geriatric research, education and clinical center including operation, training and equipment requirements. However, section 4101(f) of title 38, United States Code, authorized the establishment of 15 such centers. The addition of one center in 1984 will bring the total to 9, and the Committee urges that early action be taken to increase the number of geriatric research, education and clinical centers in order to improve this important area of care for the increasing numbers of aged veterans.

The Committee is pleased to note that $4.3 million is requested to fund the Roberts VA Health Professional Scholarship Program in fiscal year 1984. Funding of the program is essential in order to create a cadre of registered nurses with a service obligation to the Veterans' Administration, and to maintain the number of VA hospital beds needed to meet the health care needs of our Nation's veterans. Information received by the Committee indicates that during 1982, 211 hospital beds in VA medical facilities were forced to close due to a shortage of nurses.

The Committee notes with interest the fiscal year 1984 request for $258,000 to conduct cost comparison studies under the auspices of Office of Management and Budget Circular A–76, which will bring the total level of resources for A–76 studies to $758,000 in

1984. Public Law 97-306 precludes contracting out within the Department of Medicine and Surgery for those services determined by the Chief Medical Director to be direct patient care or incident to direct patient care. The Administrator is authorized to enter into contracts for services not determined to be direct patient care or incident to direct patient care after considering the advice of the Chief Medical Director and the results of a cost comparison study. The cost comparison study must indicate that it would be at least 15 percent less expensive to contract for the service than to have it performed by Federal employees and the Administrator must determine that health care services at a VA facility will be maintained or enhanced by conversion to contract performance of the service. In view of existing law, the Committee questions the VA request for an additional $258,000 in the fiscal year 1984 budget and the transferring of $500,000 from the fiscal year 1983 appropriation allocated for this purpose as current law would permit little, if any, contracting out of services in the Department of Medicine and Surgery.

VETERANS' BENEFITS AND SERVICES AS PART OF THE TOTAL FEDERAL BUDGET

The following table indicates total Federal outlays, veterans benefits and services outlays (function 700), and the percentage for benefits and services for fiscal years 1974 through 1984.

TOTAL AND VETERANS' BENEFITS AND SERVICES OUTLAYS 1974–84

[In millions of dollars]

	Total federal outlays	Veterans' benefits and services	Veterans as a percent of outlay
Fiscal year:			
1974	$267,912	$13,386	5.0
1975	324,245	16,597	5.1
1976	364,473	18,432	5.1
TQ[1]	94,188	3,962	4.2
1977	400,506	18,038	4.5
1978	448,368	18,974	4.2
1979	490,997	19,928	4.1
1980	576,675	21,183	3.7
1981	657,204	22,988	3.5
1982	728,375	23,955	3.3
1983 (est.)	805,202	24,411	3.0
1984 (est.)	848,483	25,724	3.0

[1] TQ = Transition Quarter.

Source: Budget of the U.S. Government for Fiscal Year 1984, table 20.

As the above table indicates, there was a gradual increase in the percentage of total Federal outlays spent on veterans' benefits and services through fiscal year 1975. Since that time, there has been a steady decrease, with the estimate for fiscal year 1984 at 3.0 percent.

From 1950 to the present, the veteran population has increased from approximately 18½ million to over 28½ million. Two major GI Bill programs educated hundreds of thousands of veterans. Twenty major veteran health care measures were approved by the Congress and 19 hospitals were added to the VA hospital system.

Yet, Federal outlays for veterans' benefits and services have increased only 3 fold compared to 338 fold for health; 105 fold for education, training, employment and social services; and 60 fold for income security.

The following table indicates Federal outlays for human resources programs for selected years from 1950–84:

FEDERAL OUTLAYS FOR HUMAN RESOURCES PROGRAMS SELECTED YEARS 1950–84

[In millions of dollars]

	Education, training, employment, and social services	Health	Income security	Veterans' benefits and services
Fiscal year:				
1950	$241	$268	$4,717	$8,834
1955	445	291	9,145	4,676
1960	968	796	18,316	5,441
1965	2,139	1,790	25,744	5,721
1970	8,625	12,115	43,073	8,677
1975	15,870	25,742	108,576	16,597
1980	30,767	55,220	193,100	21,183
1984 (estimated)	25,256	90,647	282,422	25,724
Ratio of increase (fold)	105	338	60	3

Source: Office of Management and Budget, Federal Government Finances: 1984 Budget Data (February 1983 edition), Table 6.

Federal spending for health programs is expected to total almost $90,647 million in 1984. This total has been broken down by the Office of Management and Budget into several categories. The following table indicates the total Federal outlays for health and for veterans' hospital and medical care, and the percentage attributable to the Veterans' Administration. It is interesting to note the percentage of Federal outlays attributed to veterans' health care has declined by more than 31 percent during the decade since fiscal year 1974.

FEDERAL OUTLAYS FOR HEALTH AND FOR VETERANS' HOSPITAL AND MEDICAL CARE, 1974–84

[In millions of dollars]

	Outlays for health	Outlays for veterans' hospital and medical care	Total	Veterans as a percent of total
Fiscal year:				
1974	$20,364	$3,006	$23,370	12.9
1975	25,742	3,665	29,407	12.5
1976	31,503	4,046	35,549	11.4
TQ [1]	8,181	1,039	9,220	11.3
1977	36,582	4,708	41,290	11.4
1978	41,232	5,254	46,486	11.3
1979	46,962	5,611	52,573	10.7
1980	55,220	6,515	61,735	10.6
1981	65,982	6,965	72,947	9.5
1982	74,017	7,517	81,534	9.2
1983 (estimated)	82,362	8,292	90,654	9.1
1984 (estimated)	90,647	8,900	99,547	8.9

[1] TQ = Transition Quarter.

Source: Budget of the U.S. Government for Fiscal Year 1984, table 20.

VETERANS' ADMINISTRATION PROGRAMS BY FUNCTIONAL DISTRIBUTION

The programs under the Committee's jurisdiction are administered by the Veterans' Administration and are broken down into several subfunctional classifications. There follows a list of the functions and programs included in the Veterans' Administration budget for fiscal year 1984, as well as a comparison of total budget authority and outlays recommended by the Administration and that proposed by the Committee on Veterans' Affairs.

For purposes of clarity, the functions and their respective programs defined by OMB are as follows:

701. *Income security for veterans*
- Compensation and pensions:
  - Service-connected compensation
  - Non-service-connected pensions
  - Other veterans income security programs
- Insurance programs:
  - Veterans insurance and indemnities
  - Service-disabled veterans insurance fund
  - Veterans reopened insurance fund
  - National service life insurance
  - U.S. Government life insurance
  - Veterans special life insurance
  - NSLI and USGLI receipts

702. *Veterans education, training, and rehabilitation*
- Readjustment benefits
- Education loan fund
- Vocational rehabilitation revolving loan fund
- Post-Vietnam era veterans' education account

703. *Hospital and medical care for veterans*
- Medical care
- Medical and prosthetic research
- Medical administration and miscellaneous operating expenses
- Construction, major projects
- Construction, minor projects
- Grants for construction of State extended-care facilities
- Grants to the Republic of the Philippines
- Assistance for health manpower training institutions

704. *Veterans housing*
- Loan guaranty revolving fund
- Direct loan revolving fund

705. *Other veterans benefits and services*
- General operating expenses
- Canteen service revolving fund
- Supply fund
- Consolidated working fund
- General post fund
- Grants for construction and operation of State cemeteries

BUDGET AUTHORITY

[In millions of dollars]

	1982	1983	1984	Change	Committee recommendation	Change
Federal funds:						
Benefit programs:						
Compensation	9,590.493	9,462.600	9,856.000	+393.400		
Pensions	4,047.600	3,827,200	3,837.100	+9.900		
Burial benefits and miscellaneous assistance	140.057	141.000	148.900	+7.900		
Readjustment benefits	1,964.100	1,665.800	1,371.000	−294.800	1,375.900	+4.900
Veterans insurance and indemnities	9.350	6.400	7.400	+1.000		
Grants for the construction of State veterans cemeteries		2.500	3.000	+.500		
Total, benefit programs	15,751.600	15,105.500	15,223.400	+117.900	15,228.300	+4.900
Medical programs:						
Medical care	7,101.028	7,695.331	8,078.526	+383.195		
Medical and prosthetic research	[1] 140.855	154.839	156.325	+1.486		
Medical administration and miscellaneous operating expenses	[1] 69.369	56.420	66.552	+10.132		
Grants for construction of State extended care facilities	15.840	18.000	18.000			
Grants to the Republic of the Philippines	[1] 1.000	.500	.500			
Total, medical programs	7,328.092	7,925.090	8,319.903	+394.813		
Construction programs:						
Construction, major projects	372.270	407.392	674.392	+267.000		
Construction, minor projects	102.010	141.748	193.878	+52.130		
Total, construction projects	474.280	549.140	868.270	+319.130		
General operating expenses	662.057	691.152	719.088	+27.936	719.428	+.340
Total, appropriations, adjusted	24,216.029	24,270.882	25,130.661	+859.779	25,135.901	+5.240

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Proposed legislation:						
Compensation			238.000	+238.000	244.500	+6.500
Readjustment benefits					150.000	+150.000
Medical care					16.500	+16.500
General operating expenses			.100	+.100		
Total, proposed legislation			238.100	+238.100	411.000	+173.000
Proprietary receipts from the public	−3.476	−85.794	−93.709	−7.915		
Total, Federal funds	24,212.553	24,185.088	25,275.052	+1,089.964	25,453.292	+178.240
Trust funds:						
Post-Vietnam era veterans education account	161.057	191.959	203.400	+11.441		
General post fund	9.942	8.400	8.700	+.300		
National service life insurance	1,163.633	1,187.000	1,209.400	+22.400		
U.S. Government life insurance	31.209	26.000	22.600	−3.400		
Total, trust funds (gross)	1,365.841	1,413.359	1,444.100	+30.741		
Proprietary receipts from the public	−612.103	−594.206	−583.900	+10.306		
Total, trust funds (net)	753.738	819.153	860.200	+41.047		
Intragovernmental transaction	−21.521	−43.243	−52.138	−8.895		
Total, Veterans'[1] Administration	24,944.770	24,960.998	26,083.114	+1,122.116	26,261.354	+178.240

[1] Includes reappropriations of resources which were transferred from the medical care annual appropriation on Sept. 10, 1982 and which would have otherwise lapsed on Sept. 30, 1982. Reappropriation extended the availability of these funds in 1983.

OUTLAYS

[In millions of dollars]

	1982	1983	1984	Change	Committee recommendation	Change
Federal funds:						
Benefit programs:						
Compensation	9,276.429	9,686.600	9,855.000	+168.400		
Pensions	3,879.396	3,908.700	3,872.600	−36.100		
Burial benefits and miscellaneous assistance	140.060	140.800	148.300	+7.500		
Readjustment benefits	2,005.365	1,693.521	1,391.000	−302.521	1,395.900	+4.900
Veterans insurance and indemnities	9.255	6.790	7.400	+.610		
Loan guaranty revolving fund	183.027	−192.377	260.714	+453.091		
Direct loan revolving fund	−62.266	−173.701	−24.567	+149.134		
Service disabled veterans insurance fund	−2.563	−.050	−.400	−.350		
Veterans reopened insurance fund	−18.659	−19.400	−16.700	+2.700		
Education loan fund	−5.187	−8.200	−10.000	−1.800		
Vocational rehabilitation revolving fund	.059	.010	.010			
Servicemen's group life insurance fund	−39.998	−21.572	−19.200	+2.372		
Grants for construction of State veterans cemeteries	.861	4.289	4.753	+.464		
Total, benefit programs	15,365.779	15,025.410	15,468.910	+443.500	15,473.810	+4.900
Medical programs:						
Medical care	6,851.668	7,563.584	7,980.734	+417.150		
Medical and prosthetic research	135.258	154.679	153.325	−1.354		
Medical administration and miscellaneous operating expenses	51.546	62.380	68.692	+6.312		
Grants for construction of State extended care facilities	15.253	15.698	14.772	−.926		
Grants to Republic of the Philippines	.182	1.072	.500	−.572		
Assistance for health manpower training institutions	34.377	16.810	8.000	−8.810		
Construction and operation of garage and parking facilities	.080	.176		−.176		
Canteen service revolving fund	−.803	−1.793	−.628	+1.165		
Special therapeutic and rehabilitation activities fund	−.175	−.110	−.090	+.020		
Total, medical programs	7,087.386	7,812.496	8,225.305	+412.809		
Supply fund	−11.511					

Construction programs:						
Construction, major projects	345.323	369.241	535.800	+166.559		
Construction, minor projects	83.355	108.857	137.874	+29.017		
Total, construction programs	428.678	478.098	673.674	+195.576		
General operating expenses	649.939	693.245	719.650	+26.405	719.990	+.340
Total, appropriations and funds	23,520.271	24,009.249	25,087.539	+1,078.290	25,092.779	+5.240
Proposed legislation:						
Compensation			198.300	+198.300	204.800	+6.500
Readjustment benefits					150.000	+150.000
Medical care					16.500	+16.500
General operating expenses			.100	+.100		
Total, proposed legislation			198.400	+198.400	371.400	+173.000
Proprietary receipts from the public	−3.476	−85.794	−93.709	−7.915		
Total, Federal funds	23,516.795	23,923.455	25,192.230	+1,268.775	25,370.470	+178.240
Trust funds:						
Post-Vietnam era veterans education account	107.453	130.600	151.400	+20.800		
General post fund	7.641	7.700	8.000	+.300		
National service life insurance	925.291	953.900	986.100	+32.200		
U.S. Government life insurance	64.332	61.100	53.800	−7.300		
Veterans special life insurance	−50.510	−52.600	−59.400	−6.800		
Total, trust funds (gross)	1,054.207	1,100.700	1,139.900	+39.200		
Proprietary receipts from public	−612.103	−594.206	−583.900	+10.306		
Total, trust funds (net)	442.104	506.494	556.000	+49.506		
Intragovernmental transactions	−21.521	−43.243	−52.138	−8.895		
Total, Veterans' Administration	23,937.378	24,386.706	25,696.092	+1,309.386	25,874.332	+178.240

VETERANS' ADMINISTRATION BUDGET DURING 10-YEAR PERIOD

The following tables depict the growth in both budget authority and outlays over the 10-year period:

BUDGET AUTHORITY, FISCAL YEARS 1975–84

[In millions of dollars]

Appropriation/fund account	Actual									Estimate
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Federal funds:										
Benefit programs:										
Compensation and pensions	7,539.400	8,249.200	8,982.500	9,636.400						
Compensation					6,909.452	7,337.300	8,529.783	9,590.493	9,462.600	9,856.000
Pensions					3,554.848	3,678.800	3,794.177	4,047.600	3,827.200	3,837.100
Burial benefits and miscellaneous assistance					178.545	185.700	207.684	140.057	141.000	148.900
Readjustment benefits	4,476.229	6,014.475	3,983.900	2,617.778	2,509.555	2,318.535	2,349.673	1,964.100	1,665.800	1,371.000
Veterans insurance and indemnities	8.750	6.600	7.000	3.712	5.750	5.400	5.406	9.350	6.400	7.400
Grants for the construction of State veterans cemeteries						5.000	5.000		2.500	3.000
Loan guaranty revolving fund	1.828									
Education loan fund	74.509			17.200						
Vocational rehabilitation revolving fund	.097	.100					1.250			
Total benefit programs	12,100.813	14,270.375	12,973.400	12,275.090	13,158.150	13,530.735	14,892.973	15,751.600	15,105.500	15,223.400
Medical programs:										
Medical care	3,317.520	3,854.456	4,373.807	4,924.649	5,374.374	5,832.039	6,339.396	7,101.028	7,695.331	8,078.526
Medical and prosthetic research	91.377	97.309	104.533	111.053	122.847	125.847	140.070	140.855	154.839	156.325
Medical administration and miscellaneous operating expenses	37.508	38.528	39.941	43.316	47.058	48.205	52.809	69.369	56.420	66.552
Grants for construction of State extended care facilities	9.700	10.000	10.000	15.000	10.000	7.500	15.000	15.840	18.000	18.000
Grants to the Republic of the Philippines	2.050	2.100	2.100	1.700	.500	1.350	1.200	1.000	.500	.500
Assistance for health manpower training institutions	10.000	30.000	45.045	53.411	104.905					
Construction and operation of garage and parking facilities		29.001		20.000						
Supply fund										
Total medical programs	3,468.155	4,061.394	4,575.426	5,169.129	5,659.684	6,014.941	6,548.475	7,328.092	7,925.090	8,319.903

Construction programs:										
Construction, major projects	251.127	297.464	405.681	393.689	365.560	321.292	261.614	372.270	407.392	674.392
Construction, minor projects	51.894	106.426	92.791	95.234	86.345	73.233	108.908	102.010	141.748	193.878
Total Construction programs	303.021	403.890	498.472	488.923	451.905	394.525	370.522	474.280	549.140	868.270
General operating expenses	432.028	483.300	525.633	581.850	631.675	611.609	643.251	662.057	691.152	719.088
Proposed legislation:										
Compensation										238.000
General operating expenses										.100
Total proposed legislation										238.100
Total appropriations (adjusted)	16,304.017	19,218.959	18,572.931	18,514.992	19,901.414	20,551.810	22,455.221	24,216.029	24,270.882	25,368.761
Contract authority (permanent, indefinite):										
Supply fund	20.000									
Deduct: Proprietary receipts from the public	−2.145	−1.549	−.679	−3.138	−3.821	−2.450	−2.942	−3.476	−85.794	−93.709
Total federal funds	16,321.872	19,217.410	18,572.252	18,511.854	19,897.593	20,549.360	22,452.279	24,212.553	24,185.088	25,275.052
Trust funds:										
Post-Vietnam era veterans education account			3.321	31.736	70.788	111.302	142.245	161.057	191.959	203.400
General post fund	4.001	4.808	5.497	6.305	6.460	7.414	7.707	9.942	8.400	8.700
National service life insurance	835.070	851.629	912.821	939.727	982.543	1,044.166	1,104.104	1,163.633	1,187.000	1,209.400
U.S. Government life insurance	37.678	37.687	37.402	36.153	38.310	37.968	34.152	31.209	26.000	22.600
Total trust funds (gross)	876.751	894.123	959.041	1,013.920	1,098.101	1,200.850	1,288.208	1,365.841	1,413.359	1,444.100
Deduct: Propietary receipts from the public	−471.778	−458.042	−486.982	−512.960	−526.328	−572.587	−600.967	−612.103	−594.206	−583.900
Total trust funds (net)	404.973	436.081	472.059	500.960	571.773	628.263	687.241	753.738	819.153	860.200
Deduct: Intragovernmental transactions	−2.101	−2.140	−2.148	−2.472	−2.369	−3.014	−6.640	−21.521	−43.243	−52.138
Total, Veterans' Administration	16,724.744	19,651.351	19,042.164	19,010.342	20,466.997	21,174.609	23,132.880	24,944.770	,960.998	26,083.114

BUDGET OUTLAYS, FISCAL YEARS 1975–84

[In millions of dollars]

Appropriation/fund account	Actual									Estimate
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Federal funds:										
Benefit programs:										
Compensation and pensions	7,580.708	8,178.323	8,999.596	9,572.817						
Compensation					6,743.320	7,433.501	8,425.760	9,276.429	9,686.600	9,855.000
Pensions					3,521.725	3,585.368	3,755.107	3,879.396	3,908.700	3,872.600
Burial benefits and miscellanous assistance					176.881	183.213	208.135	140.060	140.800	148.300
Readjustment benefits	4,591.079	5,526.562	3,700.004	3,361.716	2,810.812	2,416.979	2,332.121	2,005.365	1,693.521	1,391.000
Veterans insurance and indemnities	9.055	6.146	7.922	3.459	4.421	3.919	8.174	9.255	6.790	7.400
Grants for the construction of State cemeteries						.234	.674	.861	4.289	4.753
Loan guaranty revolving fund	71.555	−21.794	.660	80.236	207.112	27.557	277.820	183.027	−192.377	260.714
Direct loan revolving fund	−41.447	−43.027	−138.723	−38.990	−65.358	−67.154	−128.274	−62.266	−173.701	−24.567
Service-disabled veterans insurance fund	−1.161	.999	−1.509	2.119	.893	2.789	−.485	−2.563	−.050	−.400
Veterans reopened insurance fund	−32.387	−34.372	−27.227	−28.624	−27.900	−17.227	−13.778	−18.659	−19.400	−16.700
Education loan fund	1.402	4.950	13.320	34.593	6.367	3.338	.987	−5.187	−8.200	−10.000
Vocational rehabilitation revolving fund	.086	−.090	.064	−.081	.023	.008	−.037	.059	.010	.010
Servicemen's group life insurance fund	2.624			−.464	.464	−.146	.118	−39.998	−21.572	−19.200
Total benefit programs	12,181.513	13,617.697	12,554.107	12,986.861	13,378.760	13,572.377	14,866.862	15,365.779	15,025.410	15,468.910
Medical programs:										
Medical care	3,405.059	3,694.959	4,290.617	4,809.318	5,159.544	5,981.288	6,320.088	6,851.668	7,563.584	7,980.734
Medical and prosthetic research	93.196	93.559	104.460	111.747	117.270	130.912	135.288	135.258	154.579	153.325
Medical administration and miscellaneous operating expenses	36.187	35.655	38.668	41.645	42.621	50.052	49.461	51.546	62.380	68.692
Grants for construction of State extended care facilities	3.441	9.313	7.828	6.900	14.303	14.223	9.002	15.253	15.698	14.772
Grants to the Republic of the Philippines	1.975	1.796	2.045	1.770	.187	1.330	1.202	.182	1.072	.500
Assistance for health manpower training institutions	5.937	22.680	31.109	39.533	40.672	42.406	47.175	34.377	16.810	8.000
Construction and operation of garage and parking facilities						−.122	−.134	.080	.176	
Canteen service revolving fund	−.304	−.048	1.114	−2.788	−3.250	−.887	−1.632	−.803	−1.793	−.628
Special therapeutic and rehabilitation activities fund			−.076	−.161	−.164	−.191	−.048	−.175	−.110	−.090
Consolidated working fund	−.573	−.738	.297	−.250	.003	1.369				
Total medical programs	3,544.918	3,857.176	4,476.062	5,007.715	5,371.186	6,220.380	6,560.402	7,087.386	7,812.496	8,225.305

Supply fund	−17.929	74.521	7.820	.043	−7.596	−4.249	.841	−11.511		
Construction programs:										
Construction of hospital and domiciliary facilities	12.728	5.832								
Construction, major projects	67.913	138.705	168.402	161.930	150.232	189.506	307.558	345.323	369.241	535.800
Construction, minor projects	38.251	43.101	65.438	81.332	86.265	105.168	95.773	83.355	108.857	137.874
Total construction programs	118.893	187.638	233.841	243.262	236.497	294.675	403.331	428.678	478.098	673.674
General operating expenses	444.566	475.699	510.265	558.082	603.295	629.295	624.133	649.939	693.245	719.650
Total appropriations and funds	16,271.961	18,212.731	17,782.094	18,795.962	19,582.143	22,713.155	22,453.887	23,520.271	24,008.649	25,087.539
Proposed legislation:										
Compensation										198.300
General operating expenses										.100
Total proposed legislation										198.400
Deduct: Proprietary receipts from the public	−2.145	−1.549	−.679	−3.138	−3.821	−2.450	−2.842	−3.476	−85.794	−93.709
Total federal funds	16,269.816	18,211.182	17,781.415	18,792.824	19,578.322	20,710.705	22,450.945	23,516.795	23,922.855	25,192.230
Trust funds:										
Post-Vietnam era veterans education account				.010	13.815	32.653	62.777	107.453	130.600	151.400
General post fund	3.873	4.519	4.375	5.032	5.547	6.186	6.887	7.641	7.700	8.000
National service life insurance	730.760	633.013	697.602	667.762	785.393	928.228	965.147	925.291	953.900	986.100
U.S. Government life insurance	85.695	71.297	71.105	66.973	70.841	76.317	70.048	64.332	61.100	53.800
Veterans special life insurance	−41.257	−44.994	−46.016	−55.051	−38.049	−44.317	−44.194	−50.510	−52.600	−59.400
Total trust funds (gross)	779.071	663.835	727.067	684.761	837.547	999.433	1,060.665	1,054.207	1,100.700	1,139.900
Deduct: Proprietary receipts from the public	−471.778	−458.042	−486.982	−512.960	−526.328	−572.587	−600.967	−612.103	−594.206	−583.900
Total trust funds (net)	307.293	205.793	240.085	171.800	311.219	426.846	459.698	442.104	506.494	556.000
Deduct: Intragovernmental transactions	−2.101	−2.140	−2.148	−2.472	−2.369	−3.014	−6.640	−21.521	−43.243	−52.138
Total, Veterans' Administration	16,575.008	18,414.835	18,019.353	18,962.152	19,887.172	21,134.537	22,904.003	23,937.378	24,386.706	25,696.092

ADMINISTRATION'S PROPOSED LEGISLATION FOR FISCAL YEAR 1984

The following items are included in the President's legislative program for the first session of the 98th Congress and have been included in his fiscal year 1984 budget:

[In millions of dollars]

	Fiscal year 1984	
	Budget authority	Budget outlays
Proposed legislation included in appropriation request:		
Pensions: Six-month delay of cost-of-living increase of 5.1 percent (Dec. 1, 1983)	−113,300	−67,800
Readjustment Benefits:		
Terminate the advance payment of educational assistance allowances	−15,600	−15,600
Eliminate correspondence training	−4,900	−4,900
Total, Readjustment Benefits	−20,500	−20,500
General Operating Expenses:		
Eliminate correspondence training (administrative cost of a Readjustment Benefits proposal)	−340	−340
Eliminate advance payment of educational benefits (administrative cost of a Readjustment Benefits proposal)	−553	−553
Total General Operating Expenses	−893	−893
Total, proposed legislation included in appropriation request	−134,693	−89,193
Proposed legislation not included in appropriation request:		
Compensation: Cost-of-living increase of 5.1 percent (Apr. 1, 1984)	+238,000	+198,300
General Operating Expenses:		
Provide authority to contribute for construction projects on land adjacent to and facilitating safe ingress and egress with national cemeteries	+100	+100
Total, proposed legislation not included in appropriation request	+238,100	+198,400
Total, proposed legislation	+103,407	+109,207

COMMITTEE ON VETERANS' AFFAIRS PROPOSED LEGISLATION, FISCAL YEAR 1984

	Estimated budget authority costs
Compensation and pensions:	
Provide compensation entitlement to certain ROTC members if injured prior to Nov. 1, 1982	Insignificant.
Provide benefits to adopted child, regardless of age at date of adoption, who became helpless prior to age 18 providing veteran was supporting child at age 18.	Insignificant.
Exempt temporary hospital ratings from the provisions of the Omnibus Reconciliation Act of 1982	$6.5 million.
Readjustment benefits:	
Authorize new educational benefits for certain veterans (H.R. 1400)	None.
Authorize an emergency job training program for veterans who have experienced long-term unemployment.	$150 million.[1]
Medical care:	
Increase VA per diem rates for State extended care facilities	$16.5 million.

[1] $50 million for new entitlement authority.

I. Presidential Proposals

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
701—To provide a 5.1-percent increase for service-connected disabled veterans and their surviving spouses and children, effective Apr. 1, 1984:			
President's request:			
Budget authority	238	663	1,049
Outlays	196	632	1,016
Committee recommendations:			
Budget authority	238	663	1,049
Outlays	196	632	1,016

The Administration recommends a 5.1 percent increase in compensation for service disabled veterans and the same increase in dependency and indemnity compensation for surviving widows and children of veterans who died from service-connected causes. This is the amount considered necessary by the Administration to keep pace with inflation. The 5.1 percent increase is the same amount projected for Social Security and the nonservice-connected pension program. However, as with those programs, the Administration proposes to delay this much needed cost-of-living increase for 6 months, or until April 1, 1984, in an effort to reduce fiscal year 1984 Federal spending.

The Committee is most reluctant to accept a proposal which would have an adverse impact upon veterans disabled while serving their country and upon widows and orphans of veterans who died from service-incurred causes, as it feels that the Nation owes a strong moral and legal obligation to this category of recipients who sacrificed so much in its behalf. The Committee does not wish to endorse such a proposal but recognizes that certain budgetary restraints must be undertaken for fiscal responsibility. It should be emphasized, however, that the Committee reluctantly agrees to this proposal only under the premise that cost of living increases in Federal programs be delayed across-the-board without exception. Should even one exception be proposed, the Committee will withdraw its support as it believes the budget should not be balanced at the expense of service-connected disabled veterans.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
701—Delay 5.1-percent increase in non-service-connected pension benefits by 6 months or until Dec. 1, 1983:			
President's request:			
Budget authority	−113	−150	−173
Outlays	−68	−150	−173
Committee recommendations:			
Budget authority	−113	−150	−173
Outlays	−68	−150	−173

As a result of Public Law 95-588, increases in the non-service-connected pension program were indexed by the same amount and at the same time as increases in the Social Security program according to the rise in the Consumer Price Index. Public Law 97-253, the Omnibus Budget Reconciliation Act of 1982 mandated the rounding down of pension rates to the nearest dollar effective June 1, 1983, the date on which such increases become effective. Therefore, when the proposed rounding down to the nearest dollar of the pension rates on June 1st occurs, most non-service-connected pensioners will experience a reduction of pennies per month in their existing benefits which was not the intent of Congress in enacting Public Law 97-253.

When the Committee agreed to the President's rounding down of pension rates proposal, it was not anticipated that this most needy group of veterans and dependents would lose benefits, but rather that the increase in pension rates on June 1, 1983, would more than offset the rounding down to the nearest dollar.

The Committee, therefore, reluctantly accepts this proposal with the understanding that such a delay will occur across-the-board in all Federal programs.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
702—To terminate advance payments of educational allowances:			
President's request:			
Budget authority	−15.6	0.5	1.2
Outlays	−15.6	.5	1.2
Committee recommendations:			
Budget authority	−15.6	.5	1.2
Outlays	−15.6	.5	1.2

This recommendation would repeal the authorization of advance payment of educational benefits under the Veterans' Administration's vocational rehabilitation (chapter 31) and educational assistance programs (chapters 34 and 35).

Current law permits advance payments of such benefits to be made to those eligible veterans and eligible persons who apply for such payment and who meet certain eligibility criteria. The

amount of such advance payment is limited to the month (or fraction thereof) in which the training program begins, plus the amount payable for the succeeding month. If the advance pay applicant is on active duty, the amount of advance pay will be in a lump sum based upon the amount payable for the entire term, semester, or quarter, as applicable.

Advance payment of educational assistance and subsistence allowance has been a source of substantial overpayments. In many instances, eligible veterans and eligible persons have received an advance payment of benefits and have subsequently failed to pursue, discontinued pursuit of their training program, or reduced the rate of pursuit, resulting in an overpayment of all or part of their advance payment. In addition, the VA pays a reporting fee to each educational institution which elects to handle advance payment checks. Terminating advance payments will also eliminate the payment of a reporting fee to schools which deliver the checks.

VA educational overpayments continue at an unacceptably high rate. Part of the reason is the advance payment, and eliminating it will result in substantial cost savings. At the same time, the veteran or dependent will not have their assistance reduced and will continue to be paid the full amount of their entitlement. Since many veterans accept the advance payment and then fail to commence the course or do not notify the educational institution or the VA that they have changed or cancelled the courses for which they received an advance payment, an educational overpayment is established.

Termination of the authority to make advance payments, therefore, will result in cost savings.

The Committee agrees with this recommendation.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
702—To terminate correspondence training:			
President's request:			
Budget authority	−4.9	−4.2	−3.6
Outlays	−4.9	−4.2	−3.6
Committee recommendations:			
Budget authority	4.9	4.2	3.6
Outlays	4.9	4.2	3.6

Correspondence training is specifically designed to assist veterans in obtaining the necessary skills to enable them to find employment or improve occupational skills. For 5 consecutive years, the Veterans' Administration has recommended termination of this program on the grounds it was not meeting the objective of providing substantial employment for veterans, and that it was primarily used for recreational and avocational purposes. The VA believes the program is ineffective, has potential for continued abuses, and should be terminated.

For the past 3 years, the Committee has agreed to the VA recommendation to terminate correspondence training. However, the Senate, in each instance, has disagreed.

In addition, the reimbursement rate for this program has been decreased from 90 percent to 55 percent of the costs. The majority of those currently pursuing correspondence training are serious students. The Committee has been told that many of these trainees are active duty servicepersons or veterans who are physically unable to take institutional education and training courses.

The Committee, therefore, disagrees with the Administration view that this program has not fulfilled its intended purpose. Further, unless the Senate takes the initiative to terminate this program, this Committee does not plan to take action to end the program. If the Senate should pass legislation ending the program, then this Committee will give such a proposal every consideration.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
703—To extend for 3 years, or until Sept. 30, 1986, the authority of the Administrator to provide health services on a fee basis in the Commonwealth of Puerto Rico and the Virgin Islands:			
President's request:			
Budget authority			
Outlays			
Committee recommendations:			
Budget authority			
Outlays			

The current authority in section 601 of title 38, United States Code, to provide fee basis health services to eligible veterans and dependents expires on September 30, 1983.

The Congress mandated, in the joint explanatory statement accompanying H.R. 6350 as amended, which became Public Law 97-251, that the VA provide it with a study on the cost effectiveness of delivery of such services in Puerto Rico and the Virgin Islands by December 1, 1982, including a budget request for construction if necessary. The study was not received until January 21, 1983, and makes no recommendation for legislation or funds for construction. The Administrator transmitted a letter to the Speaker of the House dated February 14, 1983, requesting that this authority be extended for an additional 3 years.

The Committee recommends that this authority be extended only for 1 year in order to require the Veterans' Administration to submit plans for the permanent solution of this problem at the earliest possible date. H.R. 1645, sponsored by a majority of the Committee members, was introduced on February 24 to accomplish, among other things, the extension of the authority for one additional year.

Funding for this program is considered part of current service provided by the medical care budget.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
705—To eliminate advance payment of educational benefits. (Administrative costs.)			
President's request:			
Budget authority	−0.553	−0.433	−0.361
Outlays	−.553	−.433	−.361
Committee recommendations:			
Budget authority	−.553	−.433	−.361
Outlays	−.553	−.433	−.361

The Committee accepts this proposal.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
705—To eliminate correspondence training (administrative costs):			
President's request:			
Budget authority	−0.340	−0.325	−0.308
Outlays	−.340	−.325	−.308
Committee recommendations:			
Budget authority	+.340	+.325	+.308
Outlays	+.340	+.325	+.308

The Committee does not accept this proposal.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
705—Authorize contributions for construction projects on land adjacent to and facilitating safe ingress and egress to national cemeteries:			
President's requests:			
Budget authority	0.1	0.1	0.1
Outlays	.1	.1	.1
Committee recommendations:			
Budget authority	.1	.1	.1
Outlays	.1	.1	.1

This proposal would allow the VA to contribute funds to local governments to improve roadways and facilities adjacent to national cemeteries.

The Committee accepts this proposal.

II. Congressional Proposals

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
701—Provide compensation entitlement to certain ROTC members if injured prior to Oct. 1, 1982:			
President's requests:			
Budget authority	0	0	0
Outlays	0	0	0
Committee recommendations:			
Budget authority	(1)	(1)	(1)
Outlays	(1)	(1)	(1)

[1] Insignificant.

Current law provides entitlement to disability compensation to ROTC members who suffer a disability in line of duty while attending summer camp if the disability was incurred on or after October 1, 1982. This proposal would give entitlement to a small number of former ROTC members who were injured prior to October 1982.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
701—Provide benefits to adopted child, regardless of age at adoption, who became helpless prior to age 18 providing veteran was supporting child at age 18:			
President's request:			
Budget authority	0	0	0
Outlays	0	0	0
Committee recommendations:			
Budget authority	(1)	(1)	(1)
Outlays	(1)	(1)	(1)

[1] Insignificant.

Current law definition of a child includes an adopted child who was adopted by the veteran prior to the child's 18th birthday. This proposal would permit adoption of a disabled child after its 18th birthday if the child was being supported by the veteran on its 18th birthday.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
701—Exempt temporary hospital ratings from provisions of Omnibus Reconciliation Act of 1982:			
President's request:			
Budget authority	0	0	0
Outlays	0	0	0
Committee recommendations:			
Budget authority	6.5	6.5	6.5
Outlays	6.5	6.5	6.5

Current law provides that the beginning date of initial and increased compensation payments shall be deferred to the first full month of entitlement. This has created an inequity for certain service-connected veterans who are hospitalized for an extended period for their service-connected disability. For periods of hospitalization in excess of 21 days treatment for a service-connected disability, a veteran may be assigned a temporary total rating as of the date he or she entered the hospital. Payment is deferred until the first full month of entitlement. If a veteran enters on the 31st day of a month for 28 days of hospitalization, he or she suffers no loss of benefits. If he or she enters on the 2nd day of a month for 28 days, no benefits are received because the law does not permit payment until the first day of the following month. This proposal would remove this inequity by providing that the beginning date of temporary total ratings because of hospitalization would be effective the date of hospitalization, rather than the first day of the following month.

701—Although the Committee is not including in this report a request for additional entitlement authority, it should be noted that the Subcommittee on Compensation, Pension and Insurance may hold hearings and may consider legislation being developed by the Honorable Tom Daschle, a distinguished member of the subcommittee, which if enacted, would pay compensation to certain veterans who may have been exposed to Agent Orange while serving in Vietnam.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
702—To establish new educational assistance programs for veterans and for members of the Armed Forces.			
President's request:			
Budget authority	0	0	0
Outlays	0	0	0
Committee recommendations:			
Budget authority	0	0	28
Outlays	0	0	28

During the 97th Congress, the Committee reported H.R. 1400 to establish new educational assistance programs for veterans and members of the Armed Forces. In addition to restoring lost educational opportunities to individuals whose careers were interrupted by reason of active military service, the bill was also designed to enhance and make more attractive service in the Armed Forces.

The bill was reported by the Veterans' Affairs Committee by unanimous voice vote, and subsequently by the Armed Services

Committee, to whom the bill was jointly referred, by a vote of 40 to 1.

H.R. 1400, 98th Congress, is identical to H.R. 1400, 97th Congress, except for one deleted provision, as reported by the Armed Services Committee. The military chiefs have expressed their need for a G.I. Bill to enhance recruitment and retention of quality personnel.

Once the economy improves, the military will need a G.I. Bill, especially in the years ahead when, it is predicted, that the number of men reaching 18 years of age will be sharply declining.

[In millions of dollars]

Legislative proposal	Estimate		
	1984	1985	1986
702—Authorize an emergency job training program for veterans:			
President's request:			
Budget authority			
Outlays			
Committee recommendations:			
Budget authority	150	150	
Outlays	150	150	

In January 1983, over 883,000 veterans were looking for work. The younger Vietnam veterans age 25 to 29 were suffering a rate of unemployment of 21.8 percent compared to non-veterans in the same age group who are unemployed at the rate of 13.7 percent. Approximately 217,000 Vietnam veterans between ages 25 and 34 have been unemployed for 15 weeks or longer. There are a number of proposals that have surfaced to resolve the unemployment situation, including a Presidential recommendation of over $4 billion in this regard.

The Committee is developing legislation to provide training or retraining as the case may be, for certain veterans who have been unemployed for 15 weeks or longer. The contemplated bill would authorize a payment to employers of up to a maximum of $3,000 for training costs of veterans qualifying for this assistance. The jobs for which the veterans would be trained must be in skills for which there is a reasonable probability that there will be employment for the veterans in the foreseeable future in the skills for which trained. It is estimated that $25 million will be needed for the program in fiscal year 1983 and $300 million over the next 2 years.

According to the best information available to the Committee at this time, $50 million would be used as new entitlement authority for fiscal years 1984 and 1985.

Legislative proposal	Estimate		
	1984	1985	1986
703—To increase the per diem payments to State veterans' extended care facilities:			
President's request:			
Budget authority	0	0	0
Outlays	0	0	0
Committee recommendations:			
Budget authority	16.5	16.5	16.5
Outlays	16.5	16.5	16.5

Per diem rates to State veterans' extended care facilities were last increased in 1979, and have consistently been reduced due to inflation and the marked increase in the cost of delivery of health services. The per diem rates paid by the Veterans' Administration in 1970 amounted to 35.3 percent of the cost of delivery of health care services in State extended care facilities. In fiscal year 1982, the Veterans' Administration reimbursement to the States had been reduced to 20.3 percent of the costs of these services.

These are the most cost effective health care services delivered by the Veterans' Administration from Federal appropriations to veterans. While the Administration opposes any increase, the Committee believes that it is necessary if the States are to continue to provide these cost effective services.

Accordingly, the Committee may recommend section 641, title 38, United States Code, be amended to increase the VA per diem payment to State veterans' extended care facilities from $6.35 for domiciliary care, $12.10 for nursing home care, and $13.25 for hospital care to an estimated rate of approximately $9.50, $16.00, and $16.90 respectively.

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